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June 14, 2010

Via Electronic FilingRosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Joint Application of West Penn Power Company d/b/a Allegheny Power, Trans-Allegheny Interstate Line Company and FirstEnergy Corp. for a Certificate of Public Convenience under Section 1102(a)(3) of the Public Utility Code approving a change of control of West Penn Power Company and Trans-Allegheny Interstate Line Company, Docket Nos. A-2010-2176520 and A-2010-2176732

Dear Secretary Chiavetta:

On behalf of Direct Energy Services enclosed please find the original Petition to Intervene and the Prehearing Memorandum along with the electronic filing confirmation for each of the documents with regard to the above-referenced matter. Copies have been served in accordance with the attached Certificate of Service.

Sincerely yours,



Carl Shultz, Esq.

CS/lww
Enclosurecc: Hon. Wayne L. Weisman, w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy Direct Energy's Petition to Intervene and Prehearing Memorandum upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email and/or First Class Mail

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Date: June 14, 2010



Carl Shultz, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of West Penn Power :
Company d/b/a Allegheny Power, Trans- : Docket No. A-2010-2176520
Allegheny Interstate Line Company and : Docket No. A-2010-2176732
FirstEnergy Corp. for a Certificate of :
Public Convenience under Section :
1102(a)(3) of the Public Utility Code :
approving a change of control of West :
Penn Power Company And Trans- :
Allegheny Interstate Line Company :

**PREHEARING MEMORANDUM
OF DIRECT ENERGY SERVICES, LLC**

Pursuant to 52 Pa. Code § 5.222 and the Prehearing Conference Order entered on May 24, 2010, and subject to the granting of the Petition to Intervene filed by Direct Energy Services, LLC (“Direct Energy”) in the above captioned proceeding, Direct Energy submits this Prehearing Memorandum.

I. REPRESENTATION

Direct Energy’s attorneys in this matter are:

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Deanne M. O’Dell, Esquire
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II. PRESENTLY IDENTIFIED ISSUES

On May 14, 2010, West Penn Power Company d/b/a Allegheny Power (“Allegheny Power”), Trans-Allegheny Interstate Line Company (“TrAIL Co”) and FirstEnergy Corp. (“First

Energy”) (Allegheny Power, TrAIL Co and First Energy are collectively referred to as the “Applicants” or the “Companies”) filed their Joint Application with the Pennsylvania Public Utility Commission (“PUC” or “Commission”) for approval of their proposed merger. The combination (by merger) of the Applicants may impact both wholesale and retail electricity markets in the Commonwealth. The filing provides additional information related to the merger and the companies’ commitments to support jobs, customers, communities and retail competition in Pennsylvania, including the agreement to use the current headquarters building of Allegheny Energy as the regional headquarters of West Penn Power

Direct Energy is licensed by the Commission at No. A-110164 to provide electricity and related services to all classes of retail customers throughout Pennsylvania, including the service territories of Allegheny Power and First Energy.

The Commission’s action in this proceeding will determine the post-merger terms and conditions for electric service in Allegheny Power’s and First Energy’s service territories in the Commonwealth. Direct Energy must compete in these markets and will be bound by the action of the Commission in this proceeding. The structure of the competitive markets in these territories will have a significant effect on the level of retail competition that will be experienced in these markets and, thus, on the ability of Direct Energy to do business in this market. Because of Direct Energy’s direct interest in the outcome of these proceedings, it filed a Petition to Intervene in this proceeding.

Direct Energy has identified the following issues that should be examined in this proceeding:

- Whether the proposed merger the proposed merger will produce affirmative public benefits.

- Whether the post-merger electricity markets in the Applicants' combined territories will be "properly functioning and workable" from a competitive standpoint.
- Whether the Applicants should be directed to implement post-merger competitive enhancements which would achieve applicable legal and regulatory goals and enhance the development of a competitive market.

At this time, Direct Energy continues to evaluate its position on the proposed merger plans and will refine its position based on further study of the proposals, review of discovery and additional input from other parties. Direct Energy reserves the right to address other issues identified through its continued review and analysis of the filing or raised by other parties.

III. WITNESSES

Direct Energy continues to evaluate whether to present witnesses in this proceeding and will coordinate with other parties with similar concerns concerning any testimony it may present. Nevertheless, to the extent Direct Energy decides to present a witness in this proceeding, it has tentatively identified the following witness:

Ronald M. Cerniglia
Director – National Advocacy
Governmental & Regulatory Affairs
Direct Energy Services, LLC
40 Columbine Drive
Glenmont, NY 12077-2966
Phone No.: (518) 439-2195

Mr. Cerniglia will provide testimony related to the above listed issues and will explain the necessary criteria for "properly functioning and workable" competitive markets in Pennsylvania.

Direct Energy reserves the right to address other issues as may be developed during the course of this proceeding. Direct Energy reserves its right to add additional witnesses or change

the identity of its witnesses at any time upon appropriate notice to the Presiding Officer and the parties.

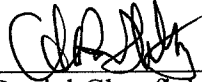
IV. LITIGATION SCHEDULE AND DISCOVERY RULES

Direct Energy is amenable to working with the other parties in this matter to adopt a reasonable litigation schedule and/or necessary modifications to the Commission's discovery rules.

V. SETTLEMENT

Direct Energy is willing to participate in settlement discussions with any party to narrow the issues in this matter.

Respectfully submitted,



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Date: June 14, 2010

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